

STATE OF IOWA
PROPERTY ASSESSMENT APPEAL BOARD

Keith Elifrits,
Petitioner-Appellant,

v.

Appanoose County Board of Review,
Respondent-Appellee.

ORDER

Docket No. 10-04-0056
Parcel No. 1040142001750000

On May 23, 2011, the above-captioned appeal came on for hearing before the Iowa Property Assessment Appeal Board. The appeal was conducted under Iowa Code section 441.37A(2)(a-b) and Iowa Administrative Code rules 701-71.21(1) et al. Petitioner-Appellant Keith Elifrits requested the appeal be considered at hearing and was self-represented. The Board of Review designated Appanoose County Assessor Mike Barth as its legal representative. It submitted documentary evidence, in addition to that in the certified record, in support of its decision. The Appeal Board now having examined the entire record, heard the testimony, and being fully advised, finds:

Findings of Fact

Keith Elifrits, owner of property located at 12180 160th Avenue, Moravia, Iowa, appeals from the Appanoose County Board of Review decision reassessing his property. According to the property record card, the subject property consists of five buildings: two mini-storage buildings and three metal warehouses. The first is 4560 square feet with a 2584 square-foot addition. The second mini-storage is 3776 square feet, mini-storage building with a 2584 square-foot addition. It has fifteen overhead doors. The first warehouse is 5000 square feet and has four overhead doors. The second warehouse is 1500 square feet. The third warehouse is 1742 square feet with a 2010 square-foot addition. It has ten over-head doors.

The improvements are situated on an 11 acre site. The real estate was classified as commercial on the initial assessment of January 1, 2010, and valued at \$215,160, representing \$95,000 in land value and \$120,160 in improvement value. This is an increase from the 2009 assessed value.

Elifrits protested to the Board of Review on the ground that the property assessment is not equitable compared to the assessments of like properties in the taxing jurisdiction under Iowa Code 441.37(1)(a). The Board of Review granted the protest, in part, and reduced the assessment to \$202,940, allocated \$95,000 to land value and \$107,940 in improvement value.

Elifrits then appealed to this Board on the same ground. He claimed \$150,000 was the actual value. He testified that his assessment has tripled in recent years despite no improvements being made to the property. Elifrits attributes the increase to the opening of Honey Creek Resort by the Iowa Department of Natural Resources, which, in his opinion, does not provide any benefit to him. He stated his property is used for boat storage and the property taxes take a third of the rental income generated. Elifrits explained the buildings have no heat, plumbing, septic, or well. Elifrits believed his overhead storage doors are over-priced by the assessor's cost system. He also disputed the assessor's allocation between his developed and undeveloped acres for unit pricing.

Elifrits provided an exhibit comparing the assessed value of his property to six mini-storage and metal warehouse parcels in the area. He listed the owner name, parcel number, and number of acres. He also listed the total assessed value and the allocation between land and improvements for each. These figures are unadjusted for differences in size, age, condition, location, and other variables. Additionally, they do not have calculations of developed and undeveloped acres or reflect the deduction given to undeveloped acres.

Assessor Mike Barth testified on behalf of the Board of Review. He explained that the first acre of a parcel is assessed at \$30,000, other acres are assessed at \$12,500, and a discount of \$10,000 per acre is applied to undeveloped acres. He provided exhibits of an aerial photograph of the

properties used to determine the amount of acres developed and undeveloped on each parcel. After the hearing and at this Board's request, Barth submitted an aerial photograph of Elifrits' parcel with the developed six acres outlined and identified.

The Board of Review submitted data comparing the subject land assessment with the seven parcels Elifrits identified, as shown below:

Owner	Acres	1st Acre Rate¹	Other Acre Rate	Gross Value	Undeveloped Acres	Undeveloped Deduction²	Assessed Value
Subject	11.00	\$30,000	\$12,500	\$155,000	6.00	\$(60,000)	\$95,000
Bentley	26.94	\$30,000	\$12,500	\$354,250	24.94	\$(249,400)	\$104,850
J&K Lite House	3.23	\$30,000	\$12,500	\$57,875	0	-	\$57,875
J&K Lite House	2.50		\$12,500	\$31,875	0	-	\$31,875
J&K Lite House	1.59		\$12,500	\$19,875	0	-	\$19,875
Wilkinson	3.02	\$30,000	\$12,500	\$55,250	0	-	\$55,250
Tuttle ³	0.93	\$30,000	0	\$27,900	0	-	\$27,900
Tuttle	3.77		\$12,500	\$47,124	2.00	\$(20,000)	\$ 27,125

The property was appraised by Vanguard in 2008, and the assessor's office assigned that assessment reflecting Vanguard's cost pricing system. Barth submitted exhibits showing the building pricing of the mini-storage units and the warehouses. He explained the buildings were given a functional obsolescence deduction to account for the lack of HVAC and plumbing. Barth conceded that the overhead door component of the cost report may be inflated. At the request of this Board, he recalculated the door pricing to reflect a cost of \$8.75 per square foot of surface area used on neighboring warehouses rather than the \$14.50 applied to Elifrits' warehouses. Barth's calculations resulted in a total reduction of \$1,490 by changing the door pricing on building one and building three and its addition. We find the warehouse overhead door pricing should be reduced to \$8.75 per square foot of surface area for a total reduction of \$1,490 in improvement value.

¹ J&K Lite House and Tuttle parcels are combined and the first acre rate is applied to one parcel

² The properties are given a \$10,000 deduction for each undeveloped acres.

³ Elifrits only identified one of the Tuttle properties. The Board of Review exhibit includes both Tuttle parcels.

Accordingly, we find the preponderance of the evidence does support a finding the overhead door pricing was not uniformly applied to comparable properties and resulted in Elifrits' property being inequitably assessed as compared to the assessments of like properties in the taxing jurisdiction as of January 1, 2010. However, we find the preponderance of the evidence supports the calculations of land value submitted by the Board of Review and do not find inequity in the land valuation.

Conclusion of Law

The Appcal Board applied the following law.

The Appeal Board has jurisdiction of this matter under Iowa Code sections 421.1A and 441.37A (2009). This Board is an agency and the provisions of the Administrative Procedure Act apply to it. Iowa Code § 17A.2(1). This appeal is a contested case. § 441.37A(1)(b). The Appeal Board determines anew all questions arising before the Board of Review related to the liability of the property to assessment or the assessed amount. § 441.37A(3)(a). The Appeal Board considers only those grounds presented to or considered by the Board of Review. § 441.37A(1)(b). But new or additional evidence may be introduced. *Id.* The Appeal Board considers the record as a whole and all of the evidence regardless of who introduced it. § 441.37A(3)(a); *see also Hy-vee, Inc. v. Employment Appeal Bd.*, 710 N.W.2d 1, 3 (Iowa 2005). There is no presumption that the assessed value is correct. § 441.37A(3)(a).

In Iowa, property is to be valued at its actual value. Iowa Code § 441.21(1)(a). Actual value is the property's fair and reasonable market value. *Id.* "Market value" essentially is defined as the value established in an arm's-length sale of the property. § 441.21(1)(b). Sale prices of the property or comparable properties in normal transactions are to be considered in arriving at market value. *Id.* If sales are not available, "other factors" may be considered in arriving at market value. § 441.21(2). The assessed value of the property "shall be one hundred percent of its actual value." § 441.21(1)(a).

To prove inequity, a taxpayer may show that an assessor did not apply an assessing method uniformly to similarly situated or comparable properties. *Eagle Food Centers v. Bd. of Review of the City of Davenport*, 497 N.W.2d 860, 865 (Iowa 1993). Alternatively, a taxpayer may show the property is assessed higher proportionately than other like property using criteria set forth in *Maxwell v. Shriver*, 257 Iowa 575, 133 N.W.2d 709 (1965). The six criteria include evidence showing

“(1) that there are several other properties within a reasonable area similar and comparable . . . (2) the amount of the assessments on those properties, (3) the actual value of the comparable properties, (4) the actual value of the [subject] property, (5) the assessment complained of, and (6) that by a comparison [the] property is assessed at a higher proportion of its actual value than the ratio existing between the assessed and the actual valuations of the similar and comparable properties, thus creating a discrimination.”

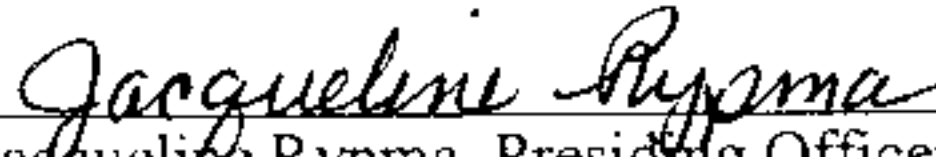
Id. at 579-580. The gist of this test is ratio difference between assessment and market value, even though Iowa law now requires assessments to be 100% of market value. § 441.21(1). We find the pricing of the overhead doors was not applied uniformly to similar properties in the area and created inequity in the assessment. We find that the overhead door cost should be reduced to \$8.75 per square foot of surface area for a total reduction of \$1,490 in improvement value to resolve the inequity. We find the land values were determined by uniformly applying a valuation method and resulted in an equitable assessment when compared to other similar properties.

Therefore, we modify the Elifrits’ property assessment as determined by the Board of Review. The Appeal Board determines the assessed value as of January 1, 2010, is \$201,450, representing \$95,000 in land value and \$106,450 in improvement value.

THE APPEAL BOARD ORDERS that the January 1, 2010, assessment as determined by the Appanoose County Board of Review is modified as set forth herein.

The Secretary of the State of Iowa Property Assessment appeal Board shall mail a copy of this Order to the Appanoose County Auditor and all tax records, assessment books and other records pertaining to the assessment referenced herein on the subject parcel shall be corrected accordingly.

Dated this 28 day of June 2011.


Jacqueline Rypma, Presiding Officer


Karen Oberman, Board Member


Richard Stradley, Board Chair

Copies to:

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APPELLANT

Mike Barth
Appanoose County Assessor
201 North Twelfth
Centerville, IA 52544
LEGAL REPRESENTATIVE FOR APPELLEE

Linda Demry
Appanoose County Auditor
201 N. 12th Street
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AUDITOR

Certificate of Service	
The undersigned certifies that the foregoing instrument was served upon all parties to the above cause & to each of the attorney(s) of record herein at their respective addresses disclosed on the pleadings on <u>6-28</u> , 201 <u>1</u>	
By:	<input checked="" type="checkbox"/> U.S. Mail <input type="checkbox"/> FAX
	<input type="checkbox"/> Hand Delivered <input type="checkbox"/> Overnight Courier
	<input type="checkbox"/> Certified Mail <input type="checkbox"/> Other
Signature	